



U.S. Immigration
and Customs
Enforcement

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News Release

MAN WHO TESTIFIED BEFORE SENATE AFTER 9/11 ON DANGERS OF ILLEGAL HAWALAS IS SENTENCED TO PRISON FOR OPERATING ONE

-- Case is the latest in ICE's nationwide crackdown on illegal hawalas that has led to 155 arrests --

ALEXANDRIA, VA -- Paul J. McNulty, United States Attorney for the Eastern District of Virginia, announced that Rahim Bariiek, age 46, of Herndon, Virginia, was sentenced today before the Honorable James C. Cacheris, United States District Judge, for operating a money transmitting business (commonly known as "hawala") without a license, in violation of provisions of the USA Patriot Act.

Bariiek, who previously pled guilty to a single count indictment on May 20, 2005, charging him with operating Bariiek Money Transfer from on or about November 1, 2001 through on or about August 8, 2003, was sentenced to 18 months incarceration and required to forfeit \$32,343.29 in United States currency. Special agents from U.S. Immigration and Customs Enforcement (ICE) of the Department of Homeland Security, and agents from the Internal Revenue Service (IRS) arrested Bariiek on April 15, 2005.

Rahim Bariiek received at least \$4.9 million in funds from individuals wishing to transfer money out of the United States to places including Afghanistan, Pakistan and Iran. Although he testified before Congress as a hawala expert on November 14, 2001, that "I am happy to comply with the [USA Patriot Act]" (which requires money transmitting businesses to comply with state licensing requirements) and that he knew all of his customers, the government presented evidence at sentencing showing that Bariiek could not possibly have known all of his customers, and that he transmitted funds to Afghanistan immediately after the September 11th terrorist attacks when Afghanistan was still under the control of the Taliban, and a base for Al-Qaeda operations.

"Illegal money transmittal businesses and hawalas pose a serious vulnerability because they provide criminals with a back-door mechanism to move dirty money around the globe undetected. What's particularly troubling about this case is that Mr. Bariiek testified before the U.S. Senate about the dangers posed by illegal hawalas while he was operating one at the same time," said Allan J. Doody, Special Agent-in-Charge for U.S. Immigration and Customs Enforcement (ICE) in Washington, D.C.

U.S. Attorney Mr. McNulty stated: "Today's sentencing is another example of our commitment to punish and deter those who provide the type of unregulated banking services that terrorists and other criminals seek to

exploit.”

"The use of unlicensed money transfer businesses or 'hawalas' is an emerging area for law enforcement because of its potential use by money launderers and terrorists," said Charles Pine, Special Agent in Charge, IRS-Criminal Investigation, Alexandria Field Office. In addition to investigating these types of cases criminally, the IRS has a Civil Unit that focuses specifically on Bank Secrecy Act compliance as it relates to reporting and record keeping requirements to prevent money laundering and other financial crimes. "The joint efforts of financial task forces like this one are essential in combating the use of these illegal money transmitters," said SAC Pine.

The case was prosecuted for the United States by Assistant United States Attorney David H. Laufman and Special Assistant United States Attorney/Special Assistant Attorney General Jessica Lombardo.

The arrest and conviction of Barry is the latest enforcement action in ICE's nationwide crackdown on unlicensed money transmittal businesses. The USA Patriot Act, which was signed into law in October 2001, enhanced ICE's ability to combat the international movement of illicit funds through money transmittal businesses by amending the 18 U.S.C. Section 1960 statute. As a result of the change in the law, money transmittal businesses in the United States must be registered with the Treasury Department and be licensed by appropriate state authorities.

Since the enactment of the USA Patriot Act in late 2001, ICE agents have aggressively targeted illegal money transmittal businesses and underground "hawalas" nationwide, given the vulnerabilities they pose. ICE investigations into unlicensed money service businesses have resulted in the arrest of 155 individuals, 142 criminal indictments and the seizure of some \$25.8 million since the Patriot Act became law.

ICE

ICE, the primary investigative arm of the Department of Homeland Security, was established to bring a unified focus to the enforcement of U.S. immigration and customs laws, with the principal goal of preventing violations by terrorists and other criminals who threaten the nation's security.